

## 2.3 Recovery of Overpayments

### 1. Introduction

From time to time overpayments of salary, allowances, sick leave or other payments to staff may occur for any number of reasons. In such instances, the overpayment will be recouped at the earliest opportunity and until such time as the amount is fully recouped. This is in line with [DPER Circular 07/2018](#). Where a staff member becomes aware that they have been overpaid, they must immediately notify a member of payroll and the HR department. Confidential support and assistance is available for all staff members by contacting the [Spectrum.Life](#) Employee Assistance Programme. Any payment plans already agreed prior to the 5<sup>th</sup> March 2015 will not be affected by this policy.

### 2. Notification of Overpayment

Upon discovery of any overpayment, the individual will be notified as soon as possible. The following details will be provided; the value of the overpayment, the reason for the overpayment, the relevant period to which it relates and the proposed repayment schedule. The staff member should confirm or appeal (see section 3.4 below) the proposed recoupment plan within 21 calendar days of receipt of the notification. Where the staff member does not respond within 21 calendar days, a second letter will issue to the individual confirming the recoupment plan and its commencement date. Where no response is received, the recoupment plan will commence as notified. The commencement date of the recoupment plan will be no less than 14 calendar days from the date of issue of the second letter.

### 3. Method of Recoupment

Under normal circumstances, monies owed should be returned as soon as possible with a minimum payment of 8% of gross salary per pay period or within a 12 month timeframe, whichever is the lesser. In the case of a staff member who takes unplanned unpaid leave or unpaid leave at short notice, the overpayment will be recouped in full at the first available pay date. The subsequent arrangements will apply in respect of the following circumstances:

**3.1 Leaving employment** – where a staff member is due to leave employment (via retirement, contract expiration, career break or unpaid leave), a higher rate of deduction will be applied in order to recoup the overpayment in advance of departure. In the case of retirement, any outstanding balance will be deducted from any retirement lump sum/other monies due. In all other cases, any outstanding balance must be repaid following departure, the structure of which must be agreed prior to departure. Where the overpayment is not recovered as agreed, legal proceedings may be initiated by Teagasc for the recovery of the overpayment together with the consequential cost of proceedings.

**3.2 Moving to another civil service organisation** – where a staff member transfers to another civil service organisation, the overpayment will transfer with them and must be repaid in accordance with this policy. Where the overpayment cannot be recovered through deductions from salary/other monies, legal proceedings may be initiated by the Public Service Bodies for the recovery of the overpayment together with the consequential cost of proceedings.

**3.3 Death in service** – where a member of staff dies in service, any overpayment will be deducted in a single lump sum from the gratuity.

**3.4 Exceptional & Hardship arrangements** – where a staff member considers that they cannot make a repayment of 8% or more of gross salary, they may apply to the Head of HR to have their case reviewed, outlining the reasons why. This must be done within 21 calendar days of notification of the overpayment. Where the Head of HR is satisfied that exceptional/hardship arrangements apply, repayment may be made at a rate that is lower than 8% of gross salary and the period of 12 months may be extended where the amount of overpayment is significant. Where a staff member is not satisfied with the decision relating to their application, they may appeal to the Head of Directorate within 10 calendar days of notification of the decision. This decision will be final and no further appeals will be heard.

#### **4. Repayment Options**

In addition to the arrangements outlined in section 3 above; current staff, pensioners and former staff may also be allowed the following repayment options:

1. Repayment of a single lump sum
2. Part payment by a single lump sum and remainder by deduction from salary over an agreed period
3. Salary deduction (gross amount prior to calculation of statutory deductions)
4. Offset against arrears due (gross amount prior to calculation of statutory deductions)
5. Surrender of non-statutory annual leave in respect of an overpayment

There will be an option to review the amount that is being recouped where there is a material change in salary.

#### **5. Current Year Overpayment Recoupment**

If the overpayment is being recouped during the tax year in which the overpayment occurred, the amount of overpayment to be recouped is the gross amount of the overpayment. If the overpayment is recouped by means of salary/pension deductions, the gross amount of the overpayment is deducted from **gross** salary. Using this method, any tax rebate owing to the staff member will be generated through the payroll. Pension, Pension Related Deduction (PRD), Universal Social Charge and PRSI contributions are also adjusted accordingly, where appropriate.

#### **6. Out-of-Year Overpayment Recoupment**

If the overpayment is being recouped in a tax year(s) following the tax year in which the overpayment occurred (out-of-year recoupment), the amount of the overpayment recouped is the gross amount of the overpayment less the current year pension and PRD contributions paid on that amount, i.e. current year pension and PRD contributions will be reduced. If the overpayment is recouped by means of salary/pension deductions, the gross amount of the overpayment, less the current year pension and PRD contributions if applicable, is deducted from net salary. In the case of overpayments recouped out-of-year, upon application by the payee, payroll will send statement(s) to the staff member of (a) the value of the recoupment and (b) the original overpayment. In general, this statement can only be issued when the overpayment has been fully recouped.

#### **7. Under-Payment Recoupment**

Where an underpayment has been identified, HR will inform the staff member and within 1 month of same (or earlier where possible) the staff member will receive details of the gross amount of the underpayment and within 1 month of the underpayment details being agreed by the staff member the payment will be processed through payroll.

Version	Revision Date	Summary of Changes	Policy Owner
2.0	October 2020	New EAP provider listed.	HR